864/FEI UNIT PRICES

DATE: 12/8/2006

TO: AL WHITE

CC: JEFFREY STARK, BOBBY

FROM: DENNIS OSZUST

RE: SUB UNITS

In response to your Dec 6, 2006 letter please consider the following:

Item # 1. No Comment. FEI knows our position on this item.

Item # 2. No Comment. FEI knows our position on this item.

Item # 3. No Comment.

Item # 4. The 2% JV fee and the 3% fee will not apply to point repair work and for the calculation of such shall be exempt.

Item # 5 This is the revised deal and no further concessions on any other item of work will be considered.

For clarification, FEI will perform point repair work for 93% of the contract unit price for Point Repair and related restoration items.

FEI will also receive lining work at a 20% OH&P rate until the goal is obtained on all items of work less point repair work.

The JV operating agreement is being drafted and will incorporate these items.

DO/DO

GOVERNMENT EXHIBIT
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